

Youth Opportunities Program

Administrative Workshop

**Presented by
MO Department of Economic Development**

The YOP Contract

Review the **Project Summary & Conditions** for accuracy

- Appendix A – Summary, Outcomes, project period, and Targets
- Appendix B – Property Use and Disposition Schedule
- Appendix C – Signature Authorization form. Must be submitted by the Chairman of the Board of the agency.

Contract Conditions

- The project solicits donations for the approved budget
- Tax credits should be utilized as a fundraising tool
- Selling Points:
 - Donors can increase their level of giving
 - Keep tax dollars in the donor's community
- Donors make a eligible contribution and receive:
 - a 50% tax credit for monetary donations
 - a 30% tax credit for materials in-kind

Project Period

- Also known as **Fundraising Period**
- All activities must be completed during this period of time
 - YOP Donations
 - Construction/Renovation
 - All YOP expenses incurred (audit is the exception)
 - All service delivery activities

State and Federal Laws

- Abide by all applicable MO statutes, regulations, and the guidelines
- Unauthorized Workers & **E-Verify**
 - Contractor or subcontractor – Sworn Affidavit
 - Must process all new employees hired after E-Verify enrollment
 - Records kept for YOP staff
 - Refer to pages 2 - 3 of the YOP Agreement

Records

- Records pertaining to the program must be maintained for five years after the project period ends
- Records must be kept at the approved organization's principal office
- Records should be available to DED, DOR, other State agencies upon request
- Verification tools are in place and are used to track outcomes

Financial Record Keeping

- Maintain records to ensure no one is promised more tax credits than authorized by DED
- All monies for YOP must be placed in an insured MO bank account
 - A separate ledger account identifying YOP donations and expenses must be maintained
 - Verification of in-kind donations (invoices, etc.)
- YOP Audit

The YOP Audit

- Required for projects utilizing \$25,000 or more in tax credits
- Audit must specifically address YOP funds and answer YOP questions
- Due within 6 months of project period end date
- Must be performed by an independent auditor
- If performed as part of a larger organizational audit, the audit cost must be pro-rated

General Duties

- Notify donors of restrictions on contributions
- Notify donors of timeline for submitting **Application for Claiming Tax Credits**
 - 1 year from date of donation
 - Written notification
- Notify DED of changes in IRS or MO Secretary of State standing

Reference to DED and YOP

- For service delivery - brochures, press releases, & publications promoting YOP activities

“Certain project costs have been underwritten by the MO Department of Economic Development, Youth Opportunities Program.”

- For capital campaigns

“Acquisition, construction, and/or renovation of this facility was partially underwritten by the MO Department of Economic Development, Youth Opportunities Program.”

Reporting Requirements

- **Quarterly reports** must be submitted 15 days after the quarter end
- Are used as a project progress report; to gauge success or need for technical assistance
 - Late reporting may result in deficiency points on future applications

Quarterly Reports

- YOP Contributions Received to date
 - Donations received for which credits have promised
- YOP Contributions Spent to date
 - Amt of donations (for which credits were promised) received and spent on YOP expenses
- Target numbers - # successful to date, not %
- Notes/Updates
- Signature

YOUTH OPPORTUNITIES PROGRAM
 NEIGHBORHOOD ASSISTANCE PROGRAM
 QUARTERLY REPORT

QUARTERLY REPORTS ARE DUE 15 DAYS AFTER THE QUARTER ENDS.

Total \$ received to date for which you have promised credits, even if the application for credits has not yet been submitted. Do not include pledges not yet received. The amount entered should not exceed the YOP approved budget amount.

		QUARTER	
		BEGINNING	
		CONTINUED TO DATE	

The total amount of contributions spent on YOP budget expenses. As a general rule - should not exceed the \$ amount of contributions received to date. Contributions spent may only exceed received if expenses have been incurred and paid by other sources and will be reimbursed as YOP donations are received. You must indicate this in the project update section.

HAS	

Project Changes

- **Changes** to the project must be submitted in writing for approval
- Use designated forms for:
 - Budget Revisions
 - Staff/Board turnover
 - Change of Mailing Address, telephone #, etc.
 - Project Extension Request – requires a contract amendment
- Failure to notify YOP of changes to the project may result in **repayment of credits**.

Budget Revisions

- 1st column = original approved budget
- 2nd column = proposed changes
 - If expenses (such as **Administrative and Overhead expenses**) were reduced or prorated by YOP, funding of those expenses should remain at the specified % (% of the total line item's cost)
 - Attach explanation for new expenses and significant changes to existing expenses
- 3rd column = amt of other funding for each expense

Capital Campaign

Phase 1 Environmental Assessment Report

- Submit to DED 10 days prior to property acquisition (existing residential properties excluded)
- Cost of the assessment can be a YOP expense, but any clean-up costs cannot
- Findings & Recommendations – must conduct any recommended testing and clean up
- Not required for service delivery projects, though assessments are recommended

Capital Campaign

For new construction or total renovation:

- All funding must be in place prior to ground breaking or commencement of renovation
- Submit **Funding Certification Form** and letters of commitment to DED for approval to commence construction

Capital Campaign - Site Control

- For property acquisition – Deed must transfer before YOP donations are used for renovation/construction
- Leases must last at least 5 years after the facility becomes operational
- Final site control must be submitted for review
- Must retain site control and operations for 5 years after the project period ends

Capital Campaigns – Owned & Acquired

- Certain projects must record a **RESTRICTIVE COVENANT** with the property's deed
 - Prohibits the sale of the property for 5 years
- Recorded with the county recorder within fifteen (15) days after the property becomes operational.
- Failure to record triggers repayment of the tax credits.

Capital Campaign - Property Use and Disposition

The percentage of credits to be repaid in these circumstances shall be determined as follows:

During Year	Percent of YOP Credit to be Repaid
1	100%
2	80%
3	60%
4	40%
5	20%

Recapturing or Repayment

DED can recapture tax credits if:

- At midpoint of the project, no evidence credits will be utilized
- Organization is unable to complete the YOP project as proposed
- Failure to comply with the provisions of YOP and the agreement

Closing the Project

- All donations raised AND spent by project period end date
- **Final Report** – due within 30 days of project end date
- **Statement of Final Expenditures**
 - Must be submitted within 30 days of project end date
 - Must be approved by YOP staff prior to being given to auditor
- **Audit** – due within 6 months of the project period end date

Eligibility for Reapplication

- May reapply when an existing project is nearing end date
 - Must be able to demonstrate performance and fundraising success in existing project
- Must notify YOP of Final Report, Statement of Final Expenditures and audit completion dates
- Not eligible if two projects are open or if one “old” project (older than the current year) is still open

Tax Credit Application Process

- Donor makes contribution to project
- Application for Claiming Tax Credits Form
 - Donor completes Parts II, III, IV & V
 - Part IV may be completed by project director for stock values or amount minus goods or services
 - Project Director completes Parts I & VI
 - Mail to YOP
- Certification
 - Sent directly to donor and Dept. of Revenue
 - Claim on tax return

Tax Credit Application Process

- Tax credit applications must be received by YOP within **one year** from the date of contribution to be eligible for tax credits.
- Donor has the tax year the contribution was made plus 5 succeeding tax years to claim the credit on their tax return.
- The YOP tax credit offsets the donor's MO state tax liability.

NOTE: Credits are not transferable or refundable

Tax Credit Limits

- Maximum amount of YOP tax credits per donor per tax year = **\$200,000** (unless the organizations are in a blighted or distressed area of the state)
- Tax credits for wages paid to youth participating in an approved internship, apprenticeship or employment project shall not exceed \$10,000 in credits per youth per tax period.

Tax Credit Application Process

- 4 week turn around on tax credit application processing
 - Tax Season – **ALLOW 6 WEEKS!**
- Senate Bill 1099
 - Donors are checked through DOR for delinquent taxes.
 - If delinquent taxes are due, the credit will be offset by that amount

Tax Credit Application Process

- Projects receive a Tax Credit report quarterly (see example) - shows application status.
- Compare to your records to ensure they balance.
- This report should NOT be used as a tool to complete your quarterly report.



**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
APPLICATION FOR CLAIMING TAX CREDITS**

MISSOURI FORM CDE-770

BENEFIT NUMBER - OFFICE USE ONLY

This application is to be completed by the taxpayer/donor for which a tax credit will be issued. Instructions for completing this form are on the reverse. Please type or print.

PART I: QUALIFYING PROGRAM
 FAMILY DEVELOPMENT ACCOUNT NEIGHBORHOOD ASSISTANCE PROGRAM YOUTH OPPORTUNITIES PROGRAM

PART II: TAXPAYER (DONOR) INFORMATION - See instructions.

TAXPAYER NAME - INDIVIDUAL (INCLUDE SPOUSE INFORMATION IF A JOINT RETURN IS FILED) OR BUSINESS NAME (AS LISTED WITH SECRETARY OF STATE'S OFFICE)

FOR BUSINESSES, LIST A CONTACT PERSON CONTACT EMAIL ADDRESS CONTACT TELEPHONE #

MAILING ADDRESS CITY STATE ZIP CODE

SOCIAL SECURITY NUMBER SPOUSE SOCIAL SECURITY NUMBER BUSINESS FEDERAL ID NUMBER MISSOURI TAX ID NUMBER

TAXES PAID BY:
 CALENDAR YEAR OR FISCAL YEAR FROM _____ TO _____

PART III: TAXPAYER ELIGIBILITY - CHOOSE ONLY ONE ELIGIBILITY STATUS

<p>INDIVIDUAL DONOR</p> <input type="checkbox"/> INDIVIDUAL - YOP AND FDA ONLY <input type="checkbox"/> INDIVIDUAL WITH A FARM OPERATION <input type="checkbox"/> INDIVIDUAL REPORTING INCOME FROM MO RENTAL PROPERTY OR ROYALTIES <input type="checkbox"/> INDIVIDUAL REPORTING INCOME FROM A SOLE PROPRIETORSHIP <input type="checkbox"/> INDIVIDUAL REPORTING INCOME FROM A PARTNERSHIP, S-CORPORATION, OR LIMITED LIABILITY CORP (LLC)	<p>BUSINESS DONOR</p> <input type="checkbox"/> CORPORATION <input type="checkbox"/> FINANCIAL INSTITUTION <input type="checkbox"/> PARTNERSHIP - ATTACH PARTNER NAMES, SOCIAL SECURITY NUMBERS, AND PERCENTS OF OWNERSHIP <input type="checkbox"/> S-CORPORATION - ATTACH SHAREHOLDER NAMES, SOCIAL SECURITY NUMBERS, AND PERCENTS OF OWNERSHIP <input type="checkbox"/> LIMITED LIABILITY CORP - ATTACH MEMBER NAMES, SOCIAL SECURITY NUMBERS, AND PERCENTS OF OWNERSHIP <input type="checkbox"/> INSURANCE COMPANY
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PART IV: TYPE OF CONTRIBUTION AND VALUE

TYPE OF CONTRIBUTION	VALUE	DATE OF CONTRIBUTION MONTH/DAY/YEAR
<input type="checkbox"/> CASH; WERE ANY GOODS AND/OR SERVICES RECEIVED? <input type="checkbox"/> YES <input type="checkbox"/> NO		
<input type="checkbox"/> STOCKS (VALUED BETWEEN HIGH AND LOW ON THE DATE OF TRANSFER FROM DONOR INTO NONPROFIT'S BROKERAGE ACCOUNT)		
<input type="checkbox"/> IN-KIND (VALUED AS LESSER OF COST TO DONOR OR FAIR MARKET VALUE)		
<input type="checkbox"/> WAGES PAID TO PARTICIPATING YOUTH - YOP ONLY		

PART V: TAXPAYER CERTIFICATION AND NOTARIZATION (TO BE SIGNED IN NOTARY'S PRESENCE)

I have examined the above application and confirm, to the best of my knowledge, information, and belief, that the above information is true and correct. Further, if operating as a business in Missouri, I declare that I do not knowingly employ illegal aliens and have complied with federal law (8 U.S.C. 1324A), which requires examination of the appropriate documents to verify employment eligibility. I understand that if found to have employed an illegal alien in Missouri and did not, for that employee, examine the documents required by federal law, that I shall be ineligible for any state-administered or subsidized tax credit, tax abatement, or loan for a period of five years following any such finding.

TAXPAYER SIGNATURE

NOTARY PUBLIC EMBOSSEOR OR BLANK INK RUBBER STAMP SEAL	STATE	COUNTY (OR CITY OF ST. LOUIS)
SUBSCRIBED AND SWORN BEFORE ME, THIS DAY OF _____ YEAR		USE RUBBER STAMP IN CLEAR AREA BELOW
NOTARY PUBLIC SIGNATURE	MY COMMISSION EXPIRES:	
NOTARY PUBLIC NAME TYPED OR PRINTED		

PART VI: CONTRIBUTION VERIFICATION BY PROJECT DIRECTOR

APPROVED ORGANIZATION NAME PROJECT NUMBER

I have examined this application and all attachments and believe it to be an accurate description of the contribution received by our organization for the purpose of carrying out the approved project.

PROJECT DIRECTOR NAME PRINTED/TYPED PROJECT DIRECTOR SIGNATURE DATE

THIS FORM MUST BE SUBMITTED TO DED WITHIN 12 MONTHS FROM THE DATE OF DONATION TO QUALIFY FOR A TAX CREDIT.

Tax Credit Application

Eligible Contributors

Business Eligibility	Tax Liability Type	Schedule Filed
Corporation	Corporate, Franchise Tax	MO Form 1120
Farm Operation	Individual Income Tax	Federal Form 1040, Schedule F, MO Form 1040
Financial Institution*	Financial Institution Tax	MO Financial Tax Return
Individual partner in a Partnership or individual shareholder in an S-Corp	Individual Income Tax	Federal Form 1040, MO Form 1040
Individual reporting income from rental property or royalties	Individual Income Tax	Federal Form 1040, Schedule E, MO Form 1040
Individual	Individual Income Tax	Federal Form 1040, MO Form 1040
Insurance Company	Gross Premium Receipts Tax	MO Insurance Tax Return with MO Dept. of Insurance
Limited Liability Corporation/Partnership	Individual Members Income Tax, Franchise Tax, Fiduciary Tax	MO Form 1120, 1120S or 1065
Partnership	Individual Partners' Income Tax	MO Form 1065
Sole Proprietorship	Individual Income Tax	Federal Form 1040, Schedule C and MO Form 1040
Small Business Corporation (S-Corp)	Individual Shareholders' Income Tax, Franchise Tax	MO Form 1120S

*Includes Banks, Credit Institutions, Savings & Loan Associations, Farmer's Coop Credit Associations, or Building & Loan Associations

Documentation Requirements

Applications submitted without documentation will not be processed.

CASH CONTRIBUTIONS

- Front and back of check showing web address for donor's financial institution or "dda" debits
- Microfiche copy of the front of the check(s) from the donor's bank AND check #, amount of check, and post date above or below the picture of the check
- Front of the check and the donor's bank statement
- Must be made payable to and endorsed by the YOP organization
- Check date is date of donation



Documentation Requirements

CREDIT/DEBIT CARD CONTRIBUTIONS

Credit Card/Bank statement showing:

- Donor's name & statement date
- Date of charge/debit, recipient organization & amount of charge/debit



EMPLOYEE PAYROLL DEDUCTIONS

Initial form authorizing the payroll deduction, must include:

- Time frame for deduction, # of pay periods, & amt. per period
- Employee and employer signatures
- Copy of employee's last payroll stub showing all deductions for that time frame.

Documentation Requirements

REAL ESTATE CONTRIBUTIONS

- Copy of the deed, Phase I Environmental report (if required), & the appraisals performed by state-licensed or certified appraisers.
 - Residential property - if the value exceeds \$25,000, two appraisals are required
 - Commercial property - if the value exceeds \$50,000, two appraisals are required
 - Most other instances - one appraisal.



Documentation Requirements

EQUIPMENT AND SUPPLIES

- Itemized invoice showing cost to the donor or current fair market value whichever is less.
- Sales tax and profit margin are not allowable.
 - Tax credits are certified for the lower of cost or fair market value.
 - Used equipment invoices must be submitted with an appraisal of fair market value.

Documentation - STOCKS & BONDS

Documentation of the transfer

- Donor's name, recipient organization, type of stock, # of shares & date of transfer – letter or portfolio from donor's stockbroker (donation value is based on historical quote for this transfer date)

Documentation of the sale by the YOP organization

- Trade confirmation - shows sale of the same stock by YOP organization. Includes: type of stock, # of shares, gross value, net value, trade date & settlement date – from organization's stockbroker.
- Front of the brokerage check or proof of payment.

Restrictions on Contributions

Ineligible donations/contributions

- Professional Services or Labor
- Contributions to pay for fund-raising activities
- Contributions of food
- Contributions of In-Kind (non-cash items) **ONLY** if the goods are needed to carry out approved project activities and the donor pays taxes on the income they receive from the sale of those same goods
 - Valued at 30%

Reminders for Processing Credits

- For joint returns - husband and wife's name and both SSNs should appear on the application.
- Donor should check only one taxpayer type in Part III.
- For contributions by S-corps or partnerships - Individual shareholders or partner's names, SSNs, and % of ownership must be attached to the Application.
- Verify that in-kind donations received are included in the approved budget.
- Donations must occur within the project fundraising period.

Reminders (Continued)

- Attach proof of contribution.
- All applications must be notarized.
- Donor, Notary & Project Director signatures must be original.
- For multiple contributions on one tax credit application
 - Ensure contributions are within the same taxable period for the donor
 - Within the same fundraising period for the project

YOP Contact Information

Address: Dept. of Economic Development
Youth Opportunities Program
PO Box 118, 301 W. High Street, Room 770
Jefferson City MO 65102

Phone: 573-751-4539 **Fax:** 573-522-4322

Web site: www.ded.mo.gov